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AMP announces FY 23 results and continued capital return

Overview

- **Underlying Net Profit After Tax (NPAT)**¹ up 6.5% to \$196 million (FY 22: \$184 million²)
 - **AMP Bank** underlying NPAT of \$93 million (FY 22: \$103 million), reflecting previously flagged Net Interest Margin (NIM) compression and growth moderation
 - **Platforms** underlying NPAT of \$90 million (FY 22: \$65 million), reflecting positive North Guarantee movement from favourable market conditions. IFA flows up 33%
 - **Advice** underlying NPAT loss of \$47 million, an improvement of 30.9% on FY 22
 - **Group** underlying NPAT loss of \$27 million (FY 22: \$1 million NPAT loss), reflecting lower strategic partnership earnings, with PCCP sponsor valuations impacted by US real estate markets, and regulatory changes impacting China partnership earnings relative to FY 22. In addition, stranded costs of \$20 million from M&A transactions emerged in FY 23
- **Statutory NPAT** of \$265 million (FY 22: \$387 million), predominantly reflecting the net gain of ~\$245 million on sale of AMP Capital and SuperConcepts, partly offset by litigation and remediation related costs and transformation cost-out
- **Controllable costs of \$744 million**, improved on guidance with momentum in cost reduction program targeting \$120 million reduction in cost base by end of FY 25
- **Capital management:** \$750 million of capital returned to shareholders since August 2022
 - \$350 million tranche 3 capital return to progress with combination of FY 23 final dividend (totalling \$55 million), further dividends and/or an on-market share buyback of up to \$295 million
- **Net debt reduction** of \$337 million in FY 23
- **Underlying earnings per share** of 6.8 cents for the period (up 19.3% on FY 22)
- **Final dividend** of 2.0 cents per share declared, 20% franked
- **Major transactions completed** to simplify portfolio
- **Several legacy matters resolved**, including shareholder class action and agreement to settle adviser class action

1. Net profit after tax (underlying) represents shareholder attributable net profit or loss after tax excluding non-recurring revenue and expenses. NPAT (underlying) is AMP's preferred measure of profitability as it best reflects the underlying performance of AMP's business units.

2. FY 22 results have been restated to reflect the sold businesses of AMP Capital and SuperConcepts (now reported in discontinued operations).

AMP Chief Executive Alexis George said:

“2023 was a year of progress for AMP. We have repositioned the portfolio with the completion of the AMP Capital sales, built momentum in our cost-out program, and resolved a number of significant legacy legal matters.

“In addition, we have continued to reduce net debt, implemented further business simplification initiatives, invested in sustainable growth and returned surplus capital to shareholders.

“With AMP now in a stronger position, we have a clear strategy focused on three areas.

“The first is to drive the profitability of our businesses, AMP Bank, Master Trust, Advice, Platforms and New Zealand. The simplification program and investment we’ve undertaken across the portfolio is delivering positive outcomes for our customers and provides a foundation for sustainable growth.

“The second is efficient cost and capital management, including delivering on our commitment to further simplify and right size our cost base, and diversifying our funding mix in AMP Bank. We have a strong balance sheet, and remain focused on optimising capital – including returning surplus capital to shareholders where possible.

“The third is to build on our capabilities across the wealth value chain and large customer base to create new sources of revenue and lasting points of differentiation with customers. This includes building our digital capabilities, and developing new products and services to address the unmet needs of Australia’s growing retiree population.”

Business unit results

AMP Bank

Underlying NPAT of \$93 million (FY 22: \$103 million) reflects the previously flagged compression in Net Interest Margin (NIM), which was 1.27% for FY 23, compared to 1.38% for FY 22. To respond to market conditions, during 2H 23 AMP Bank’s strategy pivoted to lower residential loan book growth given margin pressure experienced in mortgages and deposits. Consequently the residential mortgage book experienced subdued growth of 1.7% for the year, 0.61x system.

Controllable costs for the year were 1.5% lower at \$133 million, with momentum behind further cost reductions in FY 24. 90+ day arrears of 0.62% reflect the quality of the loan book amid the challenging economic environment, compared to 0.70% for the broader industry. AMP Bank remains well provisioned, and continues to provide additional support to customers in hardship.

In November, AMP Bank announced a partnership with UK-based Engine by Starling, to use its platform to bring a new digital bank offering to the Australian small business market. This will open a new revenue stream and diversify AMP Bank’s funding mix.

To improve return on capital, AMP Bank’s strategic focus is on disciplined responses including nominal loan growth, diversifying and optimising funding and reducing costs.

Platforms

Underlying NPAT of \$90 million, up 38.5% on FY 22 reflects positive North Guarantee experience from favourable market conditions, benefitting from stabilising interest rates and higher equity markets. In FY 22 performance was adversely impacted by unprecedented

movements in interest rates and falling equity markets. Over the longer term, the impacts of financial market movements for the guarantees are expected to neutralise. Investment income was also higher due to the interest rate environment.

Net cashflows (excluding pension payments) were \$1.4 billion (FY 22: \$2.5 billion), impacted by the shift of non-super investment away from platforms, reflecting prevailing economic conditions. Flows into AMP's flagship platform North from independent financial advisers (IFAs) were up 33% on the prior period, reflecting an ongoing focus on this market.

Controllable costs increased to \$173 million (FY 22: \$158 million), driven by investment in technology, product and distribution capability to support future growth. North's managed portfolio offers continue to grow, reaching \$13 billion in assets under management by the end of 2023.

Advice

Underlying NPAT loss in Advice improved by \$21 million to \$47 million, with continued progress in establishing Advice as a sustainable, standalone business. An ongoing focus on controllable costs resulted in a reduction of 15.2% to \$117 million. Variable costs improved by \$16 million to \$2 million, partly driven by the reshaping of the equity portfolio.

The quality of AMP's adviser network remained strong with average revenue per advice practice above the industry average at \$1.75 million. Aligned adviser numbers continued to stabilise during the year as adviser sentiment towards AMP continued to improve with adviser satisfaction scores at 81%, up from 68% at FY 22. AMP reached an agreement to settle the Buyer of Last Resort (BOLR) class action in November 2023.

Master Trust

Underlying NPAT of \$53 million was in line with FY 22. Lower AUM based revenue (down 10.4%) was the result of both the simplification program to consolidate products and fees and the previously announced mandate loss of \$4.3 billion. This was offset by disciplined cost control, leading to a reduction in controllable costs of 10.8% to \$174 million. Revenue margin of 64bps (FY 22: 67bps) reflected the impact of the simplification initiatives completed in May 2023.

Net cashflows were impacted by the above-mentioned mandate loss, which took effect in August 2023. Excluding mandate losses, net cashflows improved \$468 million on FY 22.

Master Trust's transformation program is well advanced, with initiatives identified to deliver further member benefits in 2024. In January 2024, AMP announced the appointment of a new default insurance provider for superannuation members, to deliver more personalised insurance services and in line with members' best financial interests. The majority of superannuation members also benefited from investment returns in excess of 11.5% for the 2023 calendar year.

New Zealand Wealth Management

Underlying NPAT of \$34 million was up 6.3% from \$32 million at FY 22. Advice First's revenue growth in FY 23 of \$5.8 million includes the strategic acquisition of enable.me which delivers non-AUM based revenue through fee-based coaching programs. A focus on cost controls resulted in controllable costs of \$36 million, compared to \$35 million in FY 22, despite inflationary pressures in this market. KiwiSaver, New Zealand's voluntary work-based retirement

savings scheme, experienced a challenging 2H 23, reflecting the economic environment, delivering \$70 million in net cashflow.

The divestment of legacy products continued to simplify the business, as advice and distribution revenue continues to grow.

Group

Strategic partnerships earnings were 34.8% lower, impacted by lower PCCP sponsor valuations reflecting a decline in the US real estate market, and China partnership earnings which were impacted by regulatory changes relative to FY 22.

For Group, controllable costs of \$111 million (FY 22: \$96 million) reflect previously announced stranded costs of \$20 million from M&A transactions.

Capital

The capital return program has resulted in \$750 million returned to shareholders since August 2022.

The third tranche, representing the remaining \$350 million, is to be delivered through a 2.0 cents per share final dividend for FY 23 (\$55 million) franked at 20%, with the remaining \$295 million to be returned via further dividends which may be declared by the Board and on-market buybacks that are subject to shareholder approval, as required.

The third tranche of the buyback is expected to commence in the next five days.

Briefing

More detailed information on the FY 23 result is available in the FY 23 Presentation and AMP Data Pack, available at amp.com.au/shares.

An analyst briefing, starting at 11.00am, can be viewed (listen only) via webcast at amp.com.au/webcasts.

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All amounts are in Australian dollars (A\$) unless otherwise stated.
Authorised for release by the AMP Limited Board.

Q4 23 Cashflows

AMP Bank

Deposits and loans (A\$m)	Q3 23	Movement ¹	Q4 23
	End balance		End balance
Customer deposits	15,143	(351)	14,792
At call deposits	8,440	34	8,474
Term deposits	6,703	(385)	6,318
Platforms ²	4,832	(321)	4,511
Master Trust ³	1,787	4	1,791
Other ⁴	292	(108)	184
Total deposits	22,054	(776)	21,278
Residential Mortgages	24,780	(583)	24,197
Business Finance Loans ⁵	231	13	244
Total loans	25,011	(570)	24,441
Deposit to loan ratio	88%	-1%	87%

1. Represents movements in AMP Bank's deposits, loan books and deposit to loan ratio.
2. At 31 Dec 2023, Platforms include Cash (A\$3.2b) and Term Deposits (A\$1.3b).
3. At 31 Dec 2023, Master Trust deposits include AMP Supercash (A\$1.6b) and Super TDs (A\$0.2b).
4. Other deposits include internal deposits and wholesale deposits.
5. Formerly Practice Finance Loans. Includes Mortgage Broking businesses from 2H 23.

Platforms

Cashflows by product (A\$m)	Cash inflows ¹		Cash outflows ^{1,2}		Net cashflows ²	
	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22
North ³	4,335	7,813	(4,001)	(3,825)	334	3,988
Legacy Platforms ⁴	-	41	-	(3,369)	-	(3,328)
External platforms ⁵	27	29	(127)	(193)	(100)	(164)
Total Platforms	4,362	7,883	(4,128)	(7,387)	234	496

Platforms cash inflow composition (A\$m)	Q4 23	Q4 22
Member contributions	901	957
Employer contributions	204	185
Total contributions	1,105	1,142
Transfers, rollovers in and other ⁶	3,257	6,741
Total Platforms	4,362	7,883

1. Inflows and outflows include those from internal and external sources. Internal includes transfers across and within products (eg moving from Super to Pension within North).
2. Cash outflows and Net cashflows exclude regular pension payments to members. Prior periods have been restated to reflect this.
3. North is a fully functioning wrap platform which includes guaranteed and non-guaranteed options. Includes North and MyNorth platforms.
4. Legacy Platforms include Summit, Generations, iAccess and AMP Personalised Portfolio. During Q4 22 Summit and Generations were closed and during Q2 23 iAccess was closed, with existing customers migrated to MyNorth. AMP Personalised Portfolio closed in Q1 2022.
5. External platforms comprise Asgard platform products issued by AMP.
6. Transfers, rollovers in and other includes the transfer of accumulated member balances into AMP from both internal (e.g. retail superannuation to allocated pension/annuities) and external products.

AUM (A\$m)	Q3 23	Q4 23 Net cashflows ¹			Other movements ²		Q4 23
	AUM	Super-annuation	Investment	Net cashflows	Pension payments	Market/Other	AUM
North	66,516	352	(18)	334	(478)	2,902	69,274
Legacy Platforms	-	-	-	-	-	-	-
External platforms	1,816	(64)	(36)	(100)	(10)	80	1,786
Total Platforms	68,332	288	(54)	234	(488)	2,982	71,060

AUM (A\$m)	Q3 23	Q4 23
AUM by product	AUM	AUM
Superannuation	25,775	26,705
Pension	28,850	30,081
Investment	13,707	14,274
Total	68,332	71,060
AUM by asset class	Q3 23	Q4 23
Cash and fixed interest	32%	31%
Australian equities	31%	31%
International equities	31%	32%
Property	5%	5%
Other	1%	1%
Total	100%	100%

	Q3 23	Q4 23
AUM (A\$b)	AUM	AUM
Closing AUM	68.3	71.1
Average AUM	69.5	68.2

1. Net Cashflows excludes pension payments to members. Prior periods have been restated to reflect this.
2. Other movements includes pension payments, fees, investment returns, distributions, taxes and foreign exchange movements.

Master Trust

Cashflows by product (A\$m)	Cash inflows ¹		Cash outflows ^{1,2}		Net cashflows ²	
	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22
Retail superannuation	625	562	(931)	(1,137)	(306)	(575)
Corporate superannuation	604	796	(817)	(1,592)	(213)	(796)
Total Master Trust	1,229	1,358	(1,748)	(2,729)	(519)	(1,371)

Master Trust cash inflow composition (A\$m)	Q4 23	Q4 22
Member contributions	65	83
Employer contributions	715	754
Total contributions	780	837
Transfers, rollovers in and other ³	449	521
Total Master Trust	1,229	1,358

1. Inflows and outflows include those from internal and external sources. Internal includes transfers across and within products.
2. Cash outflows and Net cashflows exclude regular pension payments to members. Prior periods have been restated to reflect this.
3. Transfers, rollovers in and other includes the transfer of accumulated member balances into AMP from both internal (e.g. retail superannuation to allocated pension/annuities) and external products.

AUM (A\$m)	Q3 23	Q4 23 Net cashflows ¹			Other movements ²		Q4 23
	AUM	Super-annuation	Investment	Net cashflows	Pension payments	Market/Other	AUM
Retail superannuation ³	28,562	(306)	-	(306)	(77)	1,383	29,562
Corporate superannuation ⁴	21,695	(213)	-	(213)	(13)	834	22,303
Total Master Trust	50,257	(519)	-	(519)	(90)	2,217	51,865

AUM (A\$m)	Q3 23	Q4 23
AUM by product	AUM	AUM
Superannuation	45,497	47,069
Pension	4,760	4,796
Total	50,257	51,865
AUM by asset class	Q3 23	Q4 23
Cash and fixed interest	23%	23%
Australian equities	29%	29%
International equities	39%	39%
Property	6%	7%
Other	3%	2%
Total	100%	100%

	Q3 23	Q4 23
AUM (A\$b)	AUM	AUM
Closing AUM	50.3	51.9
Average AUM	53.6	50.2

1. Net Cashflows excludes regular pension payments to members. Prior periods have been restated to reflect this.
2. Other movements includes pension payments, fees, investment returns, distributions, taxes and foreign exchange movements.
3. Retail superannuation includes A\$7.7b in MySuper (Q3 23 A\$7.4b).
4. Corporate superannuation includes A\$12.4b in MySuper (Q3 23 A\$12b).

New Zealand Wealth Management

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22
KiwiSaver	150	139	(139)	(105)	11	34
Other ¹	125	88	(193)	(144)	(68)	(56)
Total New Zealand wealth management	275	227	(332)	(249)	(57)	(22)

AUM (A\$m)	Q3 23	Q4 23 Net cashflows			Other movements ²	Q4 23
	AUM	Super-annuation	Investment	Net cashflows		AUM
KiwiSaver	5,542	11	-	11	292	5,845
Other ¹	4,841	(26)	(42)	(68)	235	5,008
Total New Zealand wealth management	10,383	(15)	(42)	(57)	527	10,853

1. Other includes superannuation, retail investment platform and legacy products.
2. Other movements include fees, investment returns, distributions, taxes, as well as foreign currency movements on New Zealand AUM.